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Message Text

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PASS TOM SAWYER

E.O. 11652: N/A

TAGS:ETRD;EAGR;MTN;JA

SUBJECT:STRAUSS/USHIBA FOLLOW-UP: JAPANESE BEEF TEAM

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1. SUMMARY. AFTER ONE WEEK OF DISCUSSIONS, U.S. AND JAN AGREED ON MEANS OF FACILITATING INCREASED JAPANESE IMPORTS OF HIGH QUALITY BEEF. AS A RESULT OF THIS AGREEMENT, U.S. EXPORTERS WILL SOON BE ABLE TO SUBSTANTIALLY INCREASE THEIR BEEF SALES TO JAPAN. END SUMMARY.

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2. JAPANESE BEEF TEAM, LED BY HIROYA SANO OF MAF, MET WITH U.S. DELEGATION FROM APRIL 24 THROUGH MAY 1 ON JAPANESE COMMITMENT TO FACILITATE IMPORTS OF AN ADDITIONAL 10,000 TONS OF HIGH QUALITY. U.S. DELEGATION WAS CO-CHAIRED BY BILL BARREDA OF STR AND TOM SAYLOR OR TURNER OYLOE OF FAS AND INCLUDED R.SCHROETER, R. MANNION, J. RIESZ, AND J.ISO OF FAS AND S.SCHWAB OF STR.

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3. IN SERIES OF TORTUOUS BUT ALWAYS AMICABLE DISCUSSIONS, AGREEMENT WAS REACHED ON THE FOLLOWING FACILITATION MEASURES.

(A) QUOTE. THE LIPC INTENDS TO TAKE THE FOLLOWING MEASURES:

-- TO INCLUDE CHILLED CARCASSES IN THE PRESENT ONE-TOUCH TRANSACTIONS. THIS IS NOW IN EFFECT FOR CHILLED CUTS ONLY.

-- TO OFFER THE SALE OF FROZEN HIGH-QUALITY BEEF TO DESIGNATED RETAILERS FOR RESALE AT SUGGESTED LOWER PRICES. CURRENTLY CHILLED BEEF AND FROZEN GRASS-FED BEEF ARE SOLD BY THIS METHOD.

-- TO ENCOURAGE SUPERMARKETS, WHICH PREFER HIGH-QUALITY BEEF, TO ESTABLISH AN ORGANIZATION WHICH THE LIPC WILL DESIGNATE AS A QUALIFIED BUYER FOR THE TENDER SYSTEMS.

-- TO OFFER TO SELL SQUARE CUT CHUCK, CHUCK ROLLS, BRISKET AND OTHER CUTS, WHICH HAVE NOT BEEN FAMILIAR TO JAPANESE CONSUMERS, AT LIPC'S RISK.

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-- LIPC IS GOING TO PUT HIGH-QUALITY BEEF INTO AUCTION OR TO INVITE BIDS ON SUCH BEEF, AT A RATE TO ACHIEVE 10,000 METRIC TONS INCREASE IN IMPORTATION OF HIGH QUALITY BEEF IN CONJUNCTION WITH ABOVE MENTIONED PROGRAMS (END UNCLASSIFIED).

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COMMENT: THE 10,000 TONS WILL BE ADDITIONAL TO FY 1977 IMPORTS OF 1,000 TONS UNDER HOTEL QUOTA AND LIPC IMPORTS OF 5,800 TONS OF HIGH QUALITY BEEF UNDER GENERAL QUOTA. NEW AMOUNTS WILL BE 3,000 TONS UNDER HOTEL QUOTA AND 13,800 UNDER GENERAL QUOTA. JAPANESE DELEGATION STRESSED THAT THEY COULD NOT PUBLICLY SAY 13,800 TONS IN GENERAL QUOTA WERE RESERVED FOR HIGH-QUALITY BEEF, BUT WE COULD UNDERSTAND THAT IT WAS. END LIMITED OFFICIAL USE.

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LIPC WOULD BE PREPARED TO LISTEN TO CUSTOMERS REGARDING THE SELECTION OF CUTS TO BE MADE AVAILABLE BY WAY OF DESIGNATED TENDERS AND WHOLESALE AUCTIONS. THEREFORE,

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IF THE MEAT EXPORT FEDERATION CAN RECRUIT BUYERS FOR CERTAIN TYPES OF CUTS, LIPC WOULD BE PREPARED TO RESPOND UNQUOTE.

4. AS REGARDS DEFINITION OF HIGH-QUALITY BEEF, FOLLOWING ALTERNATIVES AGREED TO BY BOTH SIDES:

(A) QUOTE. BEEF QUARTERS, WHOLESALE CUTS BONELESS PRIMAL AND SUBPRIMAL CUTS OR PORTIONED STEAKS FROM CARCASSES POSSESSING THE FOLLOWING CHARACTERISTICS (FOR CHARACTERISTICS, EMBASSY SHOULD REFER TO MATSUSHIMA PROPOSAL AS SET FORTH IN WILLIAMS' LETTER OF FEBRUARY 13, 1978 TO NAKAJIMA); OR

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(B) CARCASSES OR ANY CUTS FROM CATTLE NOT OVER 30 MONTHS OF AGE WHICH HAVE BEEN FED FOR 100 DAYS OR MORE ON A NUTRITIONALLY BALANCED, HIGH-ENERGY FEED CONCENTRATE RATION CONTAINING NO LESS THAN 70 PERCENT GRAIN AND AT AN AVERAGE FEEDING RATE OF AT LEAST 20 POUNDS OF TOTAL FEED PER DAY.

5. IT WAS FURTHER AGREED THAT CARCASSES OR CUTS OF BEEF GRADED OR CERTIFIED AS "PRIME" OR "CHOICE" BY U.S. STANDARDS SHALL BE REGARDED AS MEETING THE REQUIREMENTS OF DEFINITIONS (A) AND (B) WITHOUT FURTHER CERTIFICATION. BILATERAL CONSULTATIONS BETWEEN COMPETENT AUTHORITIES OF THE RESPECTIVE GOVERNMENTS SHALL BE HELD IN THE EVENT THE U.S. STANDARDS CHANGE. END UNCLASSIFIED.

6. BEGIN LIMITED OFFICIAL USE. THE MAJOR POINT OF CONTENTION CONCERNED CERTIFICATION OF EXPORTS FROM OTHER SUPPLYING COUNTRIES (I.E. AUSTRALIA). WE MAINTAINED THAT ALL CERTIFICATION, FOR EITHER QUALITY DEFINITION, MUSTBE BY THE GOVERNMENT OF THE EXPORTING COUNTRY AND PROPOSED THE FOLLOWING CERTIFICATION PROCEDURE FOR QUALITY DEFINITION B: IN THE CASE OF DEFINITION B, THE GOVERNMENTS OF EXPORTING COUNTRIES WILL CERTIFY TO THE GOVERNMENT OF JAPAN THE FACT THAT CATTLE ARE NOT OVER 30 MONTHS OF AGE, HAVE BEEN FED FOR 100 DAYS, ETC.

7. THE JAPANESE ARGUED FOR A MORE FLEXIBLE APPROACH TO ALLOW THE LIPC TO DESIGNATE "ORGANIZATIONS" (INCLUDING COMMERCIAL FIRMS) IN EXPORTING COUNTRIES TO PERFORM THE CERTIFICATION. WE STRONGLY RESISTED THIS ARGUMENT PRIMARILY ON THE BASIS THAT (A) THIRD PARTY (I.E. GOVERNMENT) CERTIFICATION IS NECESSARY TO ENSURE FULL ADHERENCE TO THE AGREED QUALITY DEFINITIONS; AND (B) U.S. GOVERNMENT

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CERTIFICATION IS REQUIRED FOR U.S. EXPORTS OF "CHOICE"
AND "PRIME" MEAT.

8. THE JAPANESE EVENTUALLY AGREED TO OUR PROPOSAL BUT
STATED THAT THEY WILL HAVE TO CONSULT WITH OTHER EXPORTERS
(AUSTRALIA). A BEEF TEAM WILL GO TO AUSTRALIA BETWEEN
MAY 10-MAY 31 FOR SUCH CONSULTATIONS. IF THE AUSTRALIAN
GOVERNMENT OBJECTS TO GOVERNMENT CERTIFICATION, OR
PROPOSES CHANGES, THE GOJ WILL IN TURN CONSULT WITH US.
THE GOJ WILL NOT CONCLUDE AGREEMENTS NOT SATISFACTORY TO
THE UNITED STATES. THIS INFORMATION ON CERTIFICATION
SHOULD NOT BE PASSED TO TRADE. END LIMITED OFFICIAL USE.

9. BEGIN UNCLASSIFIED

GOJ AGREED THAT THE U.S. CAN SHIP HIGH-QUALITY BEEF
CERTIFIED BY USDA EVEN THOUGH CERTIFICATION ISSUE WITH
OTHER COUNTRIES MAY NOT BE RESOLVED. BEGIN LIMITED
OFFICIAL USE. OTHER COUNTRIES, HOWEVER, SHOULD NOT BE
ABLE TO SHIP SUCH BEEF UNTIL THE CERTIFICATION ISSUE IS
SETTLED. END LIMITED OFFICIAL USE.

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10. U.S. DELEGATION RAISED ISSUE OF GOJ ALLOWING IN
2,000 TONS OF HIGH-QUALITY BEEF FOR SPACE AND SCIENCE
FAIR. SANO RESPONDED THAT GOJ EXPLORING OUR REQUEST. CHRISTOPHER

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